

UNCLASSIFIED

Iraq

Status Report

April 1, 2009



Bureau of Near Eastern Affairs
U.S. Department of State

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HIGHLIGHTS



- **Maliki, Talabani Speak Out Against PKK (*POLITICAL*, page 4).**
- **Two More Fields Considered for Non-Bid Round Tender (*ECONOMIC*, page 12).**
- **Prime Minister Nuri al-Maliki Led the Official Iraqi Delegation to the Annual Arab Summit (*DIPLOMATIC*, page 19).**
- **ISF Arrest Leads to Violence in Baghdad Neighborhood (*SECURITY*, page 20).**

POLITICAL - Governance & Legislation



GOI leaders speak out against terrorist group while the Kurds prepare for regional elections

Maliki, Talabani Speak Out Against PKK:

- Both Iraqi President Jalal Talabani and Prime Minister Maliki publicly condemned the actions of the Kurdistan Workers Party (PKK). President Talabani minced no words, stating, “The PKK has two choices: lay down its guns or leave Iraq.” Prime Minister Nuri al-Maliki made similar statements against the Kurdish rebels based in northern Iraq. In an interview broadcast on al-Iraqiya state TV March 25, Maliki promised to aid Turkey in its ongoing fight against the PKK. Maliki affirmed, “The PKK is a terrorist organization and it has caused a crisis (between Iraq and) ... Turkey. This matter must be ended. Our will is decisive ... (Here) there is no place for terrorist organizations.”

POLITICAL - Governance & Legislation



GOI leaders speak out against terrorist group while the Kurds prepare for regional elections

Kurdistan National Assembly Passes Regional Elections Law:

- The Kurdistan National Assembly passed a regional elections law on March 25. Elections will operate under a closed list system, meaning that citizens will only get to vote for a party, not an individual candidate. A quota requirement for women will be applied to lists. Out of the 111 regional parliamentary seats, 11 will be set aside for minorities. The law does not specify a date, but requires elections be held 60 days before or after the June 4, 2009 expiration of the sitting regional council. The Iraqi Independent High Electoral Commission will supervise the elections and the complaints process, although a newly created Kurdistan Electoral Judicial Panel will make final decisions on complaints appeals. The law includes a provision that citizens of Iraq, including those outside the country who are legal residents of the Kurdistan Region, may participate in elections.

POLITICAL - Governance & Legislation



GOI leaders speak out against terrorist group while the Kurds prepare for regional elections

IHEC Certifies Provincial Elections Results:

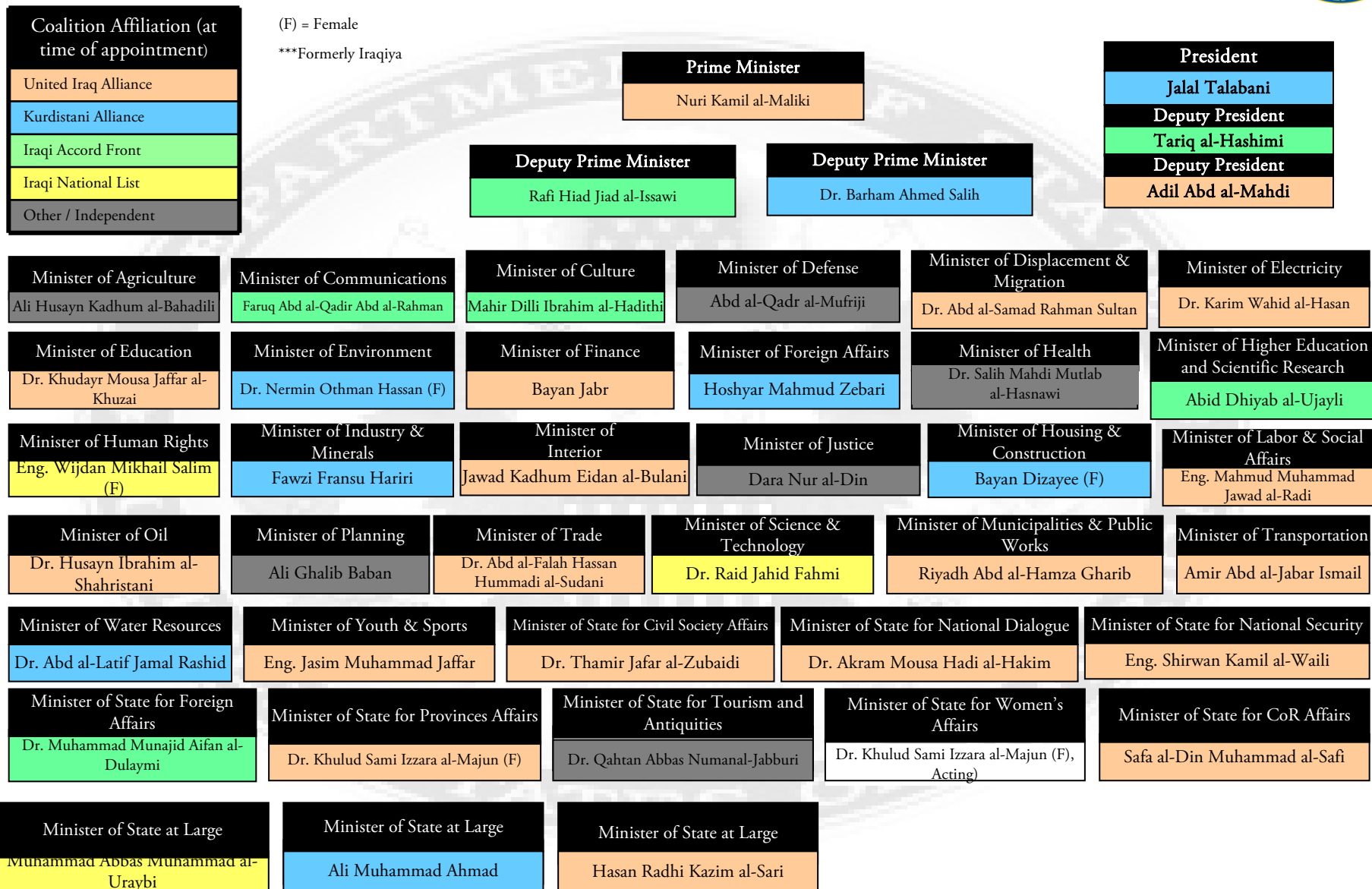
- On March 27, Iraq's Independent High Electoral Commission (IHEC) certified the results of the January 31, 2009 Provincial Council elections held in 14 of Iraq's 18 provinces. Since releasing the final results on February 19, IHEC investigated 593 complaint appeals, including 17 that were sent to the Electoral Judicial Panel. After careful review, IHEC ruled that those results remain valid. The results were published in the Official Gazette on March 29, commencing a 15-day timeframe within which new councils shall be seated. Provincial councils then must select a Governor within 30 days of holding their first session.

Article 23 Committee Report on Kirkuk Delayed:

- The Council of Representatives' Article 23 Committee will not meet its March 31 deadline to submit its report on Kirkuk. The committee is expected to extend the period of work by approximately two months. The Provincial Elections Law requires the Committee to present a report on mechanisms for power sharing, property restitution, and demographics to the Council of Representatives, which will subsequently enact a law for the election of the Kirkuk Provincial Council.



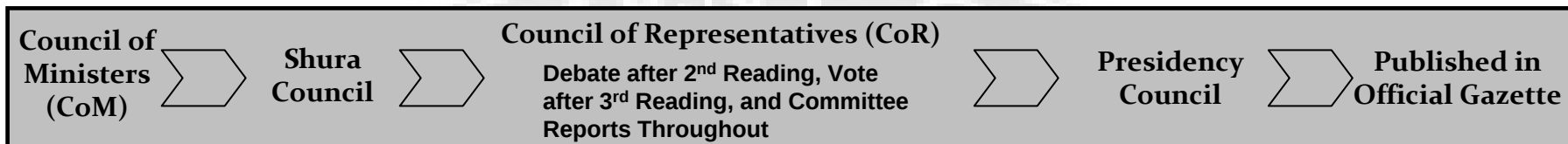
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **Budget:** The Council of Representatives (COR) passed a budget on March 5. The budget must now be approved by the Presidency Council.
- **COR Speaker:** The COR has yet to reach a consensus on appointing a new Speaker since Mahmoud Mashadani was ousted on December 23, 2008. The COR began its spring recess on March 5 and will resume on April 14.

POLITICAL - Refugee Update



- Regional governments report hosting as many as 2 million Iraqi refugees.
- The International Organization for Migration (IOM) estimates that over 2.8 million Iraqis are displaced inside Iraq.
- In FY08, the State Department's Bureau of Population, Refugees and Migration contributed \$287.08 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- Since the program's inception in FY07, 23,182 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.
- In FY 2008, a total of 1,142 Special Immigrant Visa (SIVs) were issued for Afghan and Iraqi translators and interpreters (under the Section 1059 program).
- As of December 2008, a total of 1,311 SIVs have been issued since FY08 (under the Section 1244 program).

ECONOMIC – Oil



Oil sector remains active despite absence of new federal laws

Crude Oil Update:

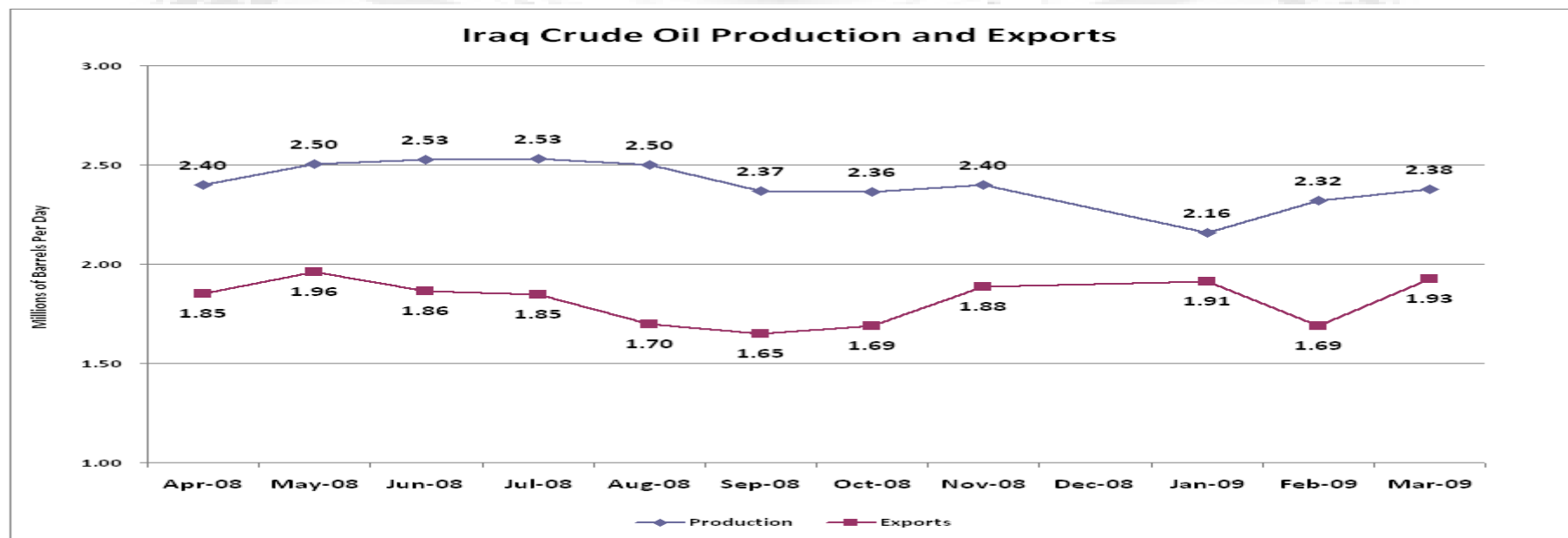
Price averages in world markets closed with the following prices:

Basrah Light at \$49.91/barrel

Dated Brent at \$51.64/barrel

WTI Cushing at \$53.07/barrel

Oman/Dubai at \$50.68/barrel



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.9 Billion *

2009 (ytd): \$6.8 Billion

* Estimate adjusted as a result of newly-available Iraqi data.



ECONOMIC – Oil

In an effort to quickly boost oil production, the Iraqi government is directly negotiating contracts on more fields outside the current tender process

Minister of Oil Comments on French Oil Company:

- Minister of Oil Husayn al-Shahristani said March 25 the French oil company Total SA was “well-placed” in Iraq’s bid rounds to help boost Iraq’s oil production. Shahristani’s comments came during a joint press conference with the French Minister of Finance Christine Lagarde following talks between the two countries on trade relations.

Petrobras May Be Included to Compete for Nahr Bin Umar Contract:

- A senior Iraqi official said March 26 that Brazil’s state-run oil company Petrobras may be included among the companies competing for a contract to develop the Nahr Bin Umar oil field. Chevron, Total, and Statoil have already been invited to compete for this field. Petrobras has in the past operated in Iraq and was responsible for the discovery of the super giant Majnoon oil field.



ECONOMIC – Oil

In an effort to quickly boost oil production, the Iraqi government is directly negotiating contracts on more fields outside the current tender process

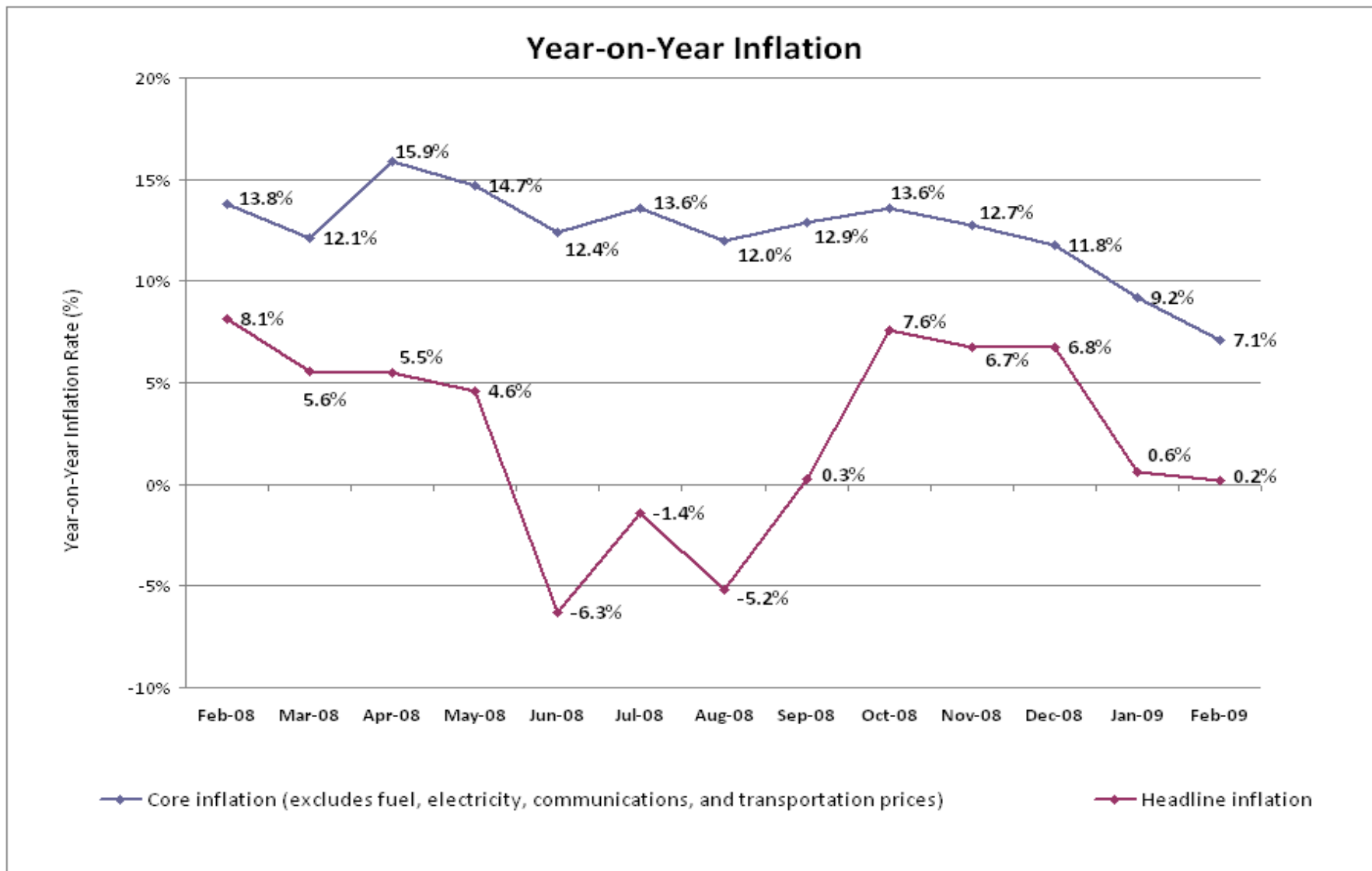
Two More Fields Considered for Non-Bid Round Tender:

- According to a senior Iraqi official, Iraq may extend an invitation to foreign oil firms to begin work on the Rattawi and Tuba oil fields. The same official said the Ministry of Oil is in discussions with companies to develop the fields, which would be developed under Engineering, Procurement, and Construction contracts.

Tender for 45 New Wells Issued by South Oil Company:

- Iraq's South Oil Company issued a turnkey tender for 45 new wells to be drilled on the super giant South Rumaila oilfield March 30. The tender is for 30 producer wells and 15 injection wells, which should be completed within 25 months. Bids are due by April 23. According to a senior South Oil Company engineer, more tenders would be issued in the coming days.

ECONOMIC - Fiscal and Monetary Affairs



ECONOMIC – Fiscal and Monetary Affairs



Sound economic policies will help ensure Iraq maintains security and stability

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$50.41	\$50.23	\$44.89	\$66.08
Yield	12.85%	12.89%	14.29%	9.95%



ECONOMIC – Private Sector



The push for private investment in Iraq continues with plans for a media city in Najaf

National Investment Commission Announces Plans for Media City:

- The Iraqi National Investment Commission (INIC) announced March 29 its plans for a media city in Najaf. The project will include the construction of headquarters for various media outlets, such as radio broadcasting, publishing houses, satellite television, and newspapers. The INIC is also working with the Ministry of Finance to allocate a 100 donums, or 250,000 square feet, of land for the project.

ECONOMIC – Public Services



Although there is still room for improvement, the Iraqi transportation sector continues to expand its capacity

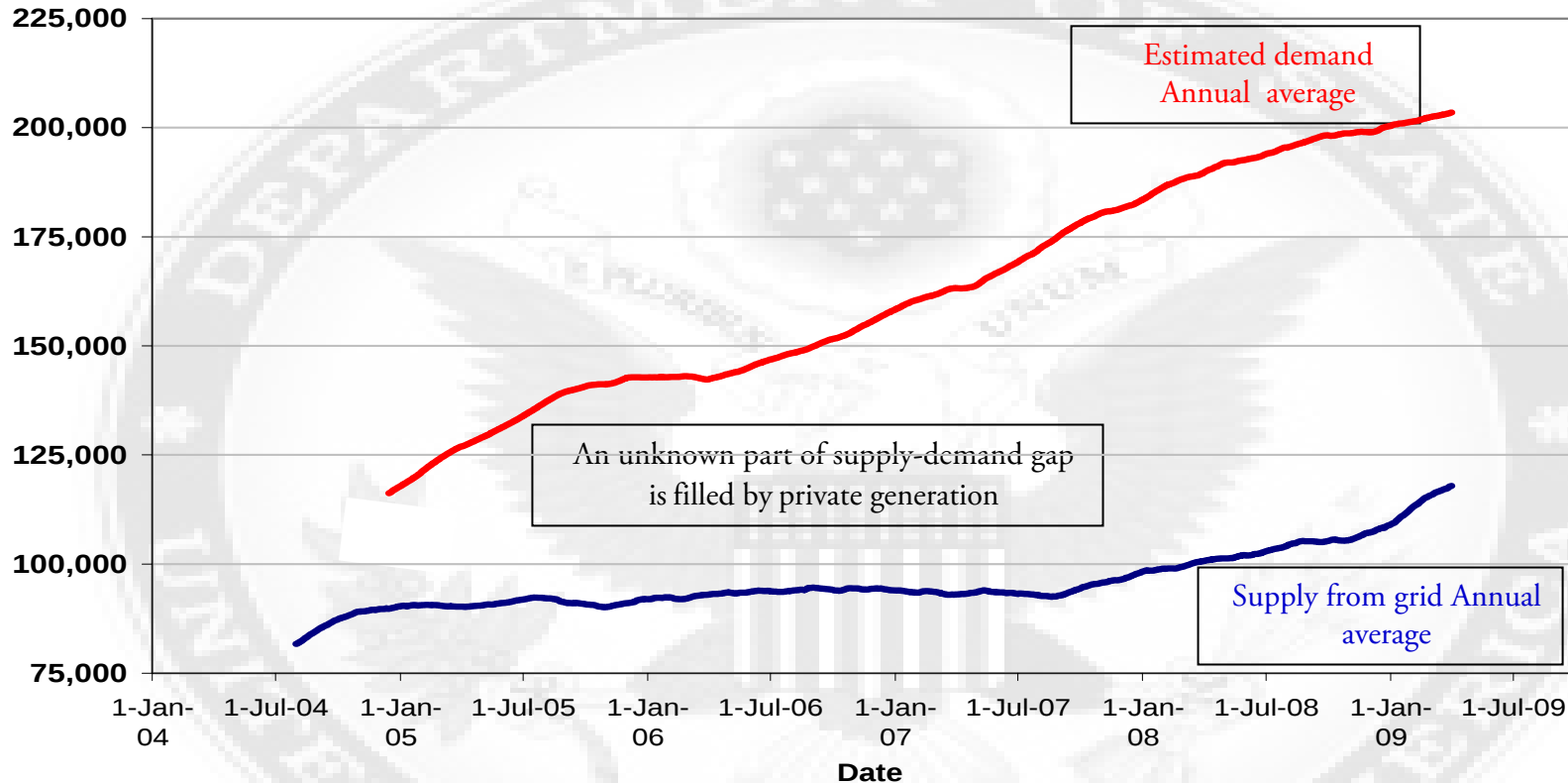
Iraqi Airways Carries Out First Flight to European Union:

- **Iraqi Airways carried out its first flight to a European Union destination March 27, the first such flight since the air carrier was grounded by an international embargo following Iraq's invasion of Kuwait. The Minister of Transportation Amir Jabbar flew from Baghdad to Stockholm with a stopover in Athens where he spoke with Greek government officials about transportation cooperation.**

Public Services – Electricity



GOI needs to strengthen policy actions to manage demand and usage patterns



- Daily electricity supply from the grid for January-March 2009 was 36% above the year-earlier period and met 65% of estimated demand compared with 51% for the year-earlier period.
- Based on estimated demand, hours of power after meeting demand from essential services for January-March 2009 were Baghdad 15.2 and Iraq 15.0 Year-ago levels were Baghdad 8.4 and Iraq 10.5.



Beyond Baghdad



Students learn computer skills in the Babil School Laptop Program

Babil

Karbala

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

PRT Babil organized a media event to showcase the first model computer lab under the Babil School Laptop Program. Reporters were able to interact with school children as well as PRT officials and members of the Education Directorate. The \$300,000 grant funded a program seen as a template for future labs in other primary schools. Teachers have noted that absenteeism for students in the program has fallen and that parents are taking a greater interest in their children's educations, some even donating supplies and time to help construct the lab.

30 ambulance drivers in Karbala attended a four day long medical training course from March 15-18. The event was hosted by PRT Karbala and included instruction from the Director General of Health and medics and physicians from the 172nd Brigade Combat Team. Topics included burns, spine and head injuries, triage, and airway management.



DIPLOMATIC – Political Engagement

GOI continues to strengthen ties with neighbors and regional partners

Syrian FM Visits Baghdad:

- Syrian Foreign Minister Walid Muallem visited Baghdad March 25 for talks with Iraqi Prime Minister Nuri al-Maliki and Foreign Minister Hoshyar Zebari on enhancing Syrian-Iraqi trade and security cooperation. Zebari hailed the fact that “security cooperation has been much better than before, particularly in the last few months.” Muallem said “We have seen progress in Iraq and we hope to see a continuation of the efforts for national reconciliation.” Diplomatic relations between the Syrian and Iraqi governments were severed in 1980 and not resumed until 2006 when the two nations decided to restore formal ties. Iraq’s first ambassador to Syria in nearly 30 years arrived in Damascus last month.

PM Maliki Leads Delegation to Arab Summit:

- Prime Minister Nuri al-Maliki led the official Iraqi delegation to the annual Arab Summit hosted in Doha, March 29. The delegation included Foreign Minister Hoshyar Zebari, Minister of Trade Abd al-Falah al-Sudani, Foreign Ministry Undersecretary Labeed Abbawi, and the Iraqi Ambassador to Qatar Dr. Jawad al-Hindawi.



SECURITY - Situation Update

Although violence is at record lows, high-profile security incidents continue to draw attention

ISF Arrest Leads to Violence in Baghdad Neighborhood:

- Iraqi Security Forces (ISF) supported by Coalition advisors arrested Adel Karim Shaker al-Mashadani March 28 in the Fadhil neighborhood of Baghdad. Although Mashadani was the leader of the Fadhil Sons of Iraq (SOI) group, he was arrested on a Iraqi warrant for a number of crimes. Major General David Perkins, spokesman for Multi-National Force-Iraq (MNF-I), told journalists March 30 that Mashadani was suspected of links to bomb-making cells, kidnappings, extortion and associations to the al-Qaida in Iraq (AQI) terrorist network. MG Perkins said that while some of the crimes were allegedly committed while he commanded the Fadhil SOI "there's a very long list of things...the warrant was 2008 and there was a series of recent events." Mashadani's arrest sparked isolated violence between his supporters and ISF.

Car Bomb Overshadows Positive Security Announcement:

- A car bomb exploded near a bus station in the Shaab district of Baghdad March 26, killing at least 16 and wounding 35 just one day after Iraqi and U.S. military officials highlighted the lowest levels of violence in Iraq since August 2003 during a press conference.

SECURITY - Situation Update



Although violence is at record lows, high-profile security incidents continue to draw attention

Diyala Attack Likely Intended to Heighten Arab/Kurd Tensions:

- ISF officials said a Sunni Arab cleric was shot and killed and his son wounded in an attack in the town of Jalula March 26. Jalula is the same town where a suicide bomber killed 23 people at a funeral on March 23. Officials said Sheik Kareem Saleh was walking home with his son when gunmen shot them and fled. The attack was likely another attempt to exacerbate the already high tensions in this northeastern area of Diyala along the disputed areas between the Kurdistan Regional Government (KRG) and the central Government of Iraq.



SECURITY – Security Transition

MNF-I combines subordinate commands, simplifying structures as more efforts transition to Iraqi Security Forces

Commands Combine to Form MND-S as British Forces Begin to Transition:

- **The Multi-National Division (MND) – Center absorbed MND-Southeast into its operating area, forming the new MND-South (MND-S), during a transfer of responsibility ceremony April 1 at Basrah International Airport. Major General Michael Oates, MND-S commander, accepted responsibility from the commander of MND-SE, British Major General Andy Salmon. Oates and MND-S now support Iraqi Security Forces (ISF) operations over nine provinces in southern Iraq. MG Oates congratulated the British forces saying, “We thank you very much for your service to the Coalition and the Iraqi people. You have been an essential part in Basrah’s hard-won and new-found freedom.” The approximately 4,000 British troops remaining in southeast Iraq are scheduled to redeploy this summer.**

Romanian Rotation Highlights Continued Support to Iraq:

- **The 11th Romanian contingent of soldiers transferred authority for their Iraqi mission to the 12th Romanian contingent during a ceremony on Forward Operating Base Delta March 23. The Romanian soldiers work with the Wasit Provincial Reconstruction Team and U.S. Forces at FOB Delta, and conduct various unmanned aerial vehicle operations.**



SECURITY – Security Transition

MNF-I combines subordinate commands, simplifying structures as more efforts transition to Iraqi Security Forces

France Provides Equipment and Expresses Desire to Restore Military Relations with Baghdad:

- France signed a contract to provide the Government of Iraq with 24 military helicopters March 25, representing the first arms deal between the two countries since 1990. French Defense Minister Herve Morin and Iraqi Minister of Defense Abdul Qadr al-Mufriji signed the deal worth \$488 million dollars for 24 Eurocopter EC 635s in Paris. Additionally, France has agreed to provide pilot training and maintenance as part of the deal. Minister Qadr said the purchase of the helicopters was a top Iraqi priority, while France's Defense Minister announced Paris intended to "re-open a military mission "at the French embassy in Baghdad sometime in the summer of 2009.

ISOF and IAF Conduct First Ever MEDEVAC:

- The Iraqi Special Operations Forces (ISOF) and their Iraqi Air Force (IAF) counterparts conducted their first medical evacuation in Baghdad, March 20. IAF pilots transported a wounded soldier from Baghdad to the Joint Base Balad medical center to undergo surgery. "Iraqis coming together for this mission means we are going forward to achieve our independence," said an ISOF officer assigned to the Iraqi medical center.



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Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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